

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION**

**Dominion Energy Questar
Pipeline, LLC**

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Docket No. RP17-900-000

**COMMENTS IN SUPPORT OF THE
ENVIRONMENTAL DEFENSE FUND**

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure,¹ the Environmental Defense Fund (“EDF”) respectfully submits these comments in support of Dominion Energy Questar Pipeline LLC’s (“DEQP”) tariff revisions to establish a new firm peaking service enhancement to shippers taking firm transportation service. In support thereof, EDF states as follows:

I. COMMENTS IN SUPPORT

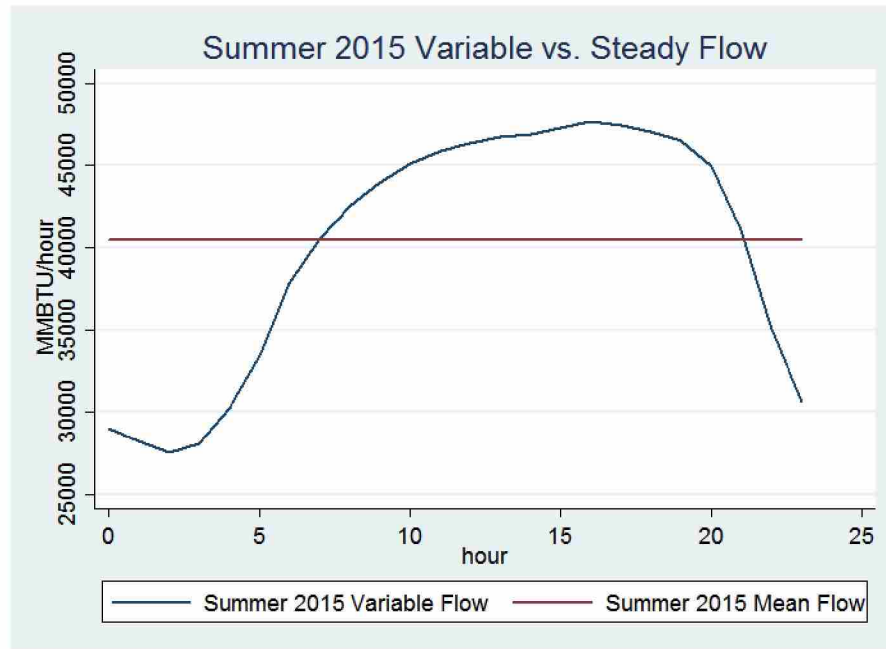
DEQP’s tariff revisions to establish a new firm peaking service enhancement to shippers taking firm transportation service represent an important development in furthering gas-electric harmonization. DEQP explains that its new rate schedule “will provide a flexible, efficient enhancement of shippers’ existing firm service options by making more complete use of the capacity and operational capabilities of DEQP’s system.”² This is consistent with representative analysis, by EDF, of daily and hourly takes by electric generators,³ which demonstrates that the fundamental design assumption of “ratable” flow upon which transactions in the market are

¹ 18 C.F.R. § 385.212 (2017).

² RP17-900 Transmittal Letter at 1.

³ EDF’s analysis assessed takes by electric generators in New England, but its core findings are nationally applicable: market efficiency would be enhanced by price formation and discovery for sub-day fluctuating takes by electric generation customers of the pipelines.

premised (the red line below), is at odds with the reality of how natural gas-fired power plants, the largest gas customer, use natural gas and pipelines (the blue line below):



This conflict has implications for price discovery and transparency in the natural gas markets as well as reliability of the electric grid. Although pipelines endeavor to provide more variable flow to customers when such flexibility is available, these services are largely unpriced. Without pricing this service, there are no price signals to the market as to the value of the service. DEQP's tariff provisions do precisely that and will further the Commission's goal of allocative efficiency.⁴

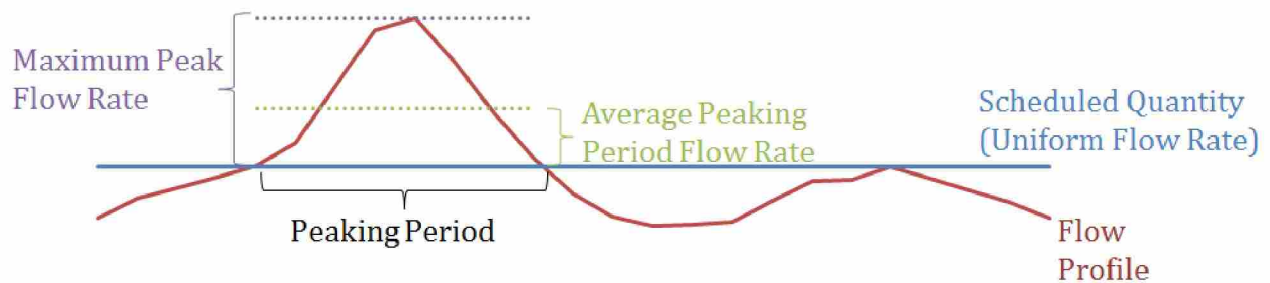
⁴ See *Algonquin Gas Transmission, LLC*, 156 FERC ¶ 61,151 at P 27 (2016) (explaining that allocative efficiency is enhanced by ensuring the capacity is used for its highest valued use).

During the NAESB Gas Electric Harmonization forum, initiated at the request of the Commission,⁵ EDF and others proposed a definition for a “Shaped Nomination,” which allows a customer to provide to a pipeline the specific quantities of gas it will use in each hour over the course of a day, and suggested a standard for how a customer should communicate this information to the pipeline.⁶ Several representatives of the pipeline segment cited their intention and/or willingness to offer such services and the benefits of standardizing commercial and operational protocols for Shaped Nomination or similar services.⁷ DEQP’s proposal is further evidence of the value this type of service can provide to both pipelines and shippers, and ultimately to coordination between and among the gas and electric sectors. As shown in DEQP’s figure 1 below, its new firm peaking service is representative of generator sub-day variability, providing further justification for standardization:

⁵ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, FERC Stats. & Regs. ¶ 31,368 at P 107 (2015).

⁶ North American Energy Standards Board Status Report for Submittal to the Commission Concerning FERC Order No. 809 Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities, Docket No. RM14-2 at 5, n.10 (March 30, 2017) (“NAESB WGQ Proposed Definition 1.2.[z1]: A Shaped Nomination is a nomination in which a Service Requester provides both a daily quantity and a quantity for each hour of the Gas Day, with each hour beginning at the start of the hour (e.g. 10:00 AM)”; *see also id.* at 5, n.11 (“NAESB WGQ Proposed Standard 1.3.[z1]: Where a Transportation Service Provider offers a service under its tariff, general terms and conditions, and/or contract provisions which expressly provides for a Service Requester (SR) to submit a Shaped Nomination, the SR should submit its nomination for that service as a Shaped Nomination using NAESB WGQ Standard No. 1.4.1 (Nomination). Receipt of service expressly providing for the use of a Shaped Nomination may require additional coordination with interconnected parties.”).

⁷ *Id.* at 5. Both standards are awaiting action by the Commission to overcome a segment block by the local distribution segment.



As electric generators' takes on pipeline systems continue to grow,⁸ fostering standardized means to transact will become all the more crucial.

II. CONCLUSION

Wherefore, the Environmental Defense Fund respectfully requests that the Federal Energy Regulatory Commission grant the following relief:

1. Consider the foregoing comments in ruling in this docket; and
2. Grant such other relief as the Commission may deem necessary and appropriate.

Dated: July 24, 2017

Respectfully submitted,

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⁸ Whereas the electric sector was the smallest sector for natural gas demand in 1988, it now has become the largest. North American Electric Reliability Corporation, 2011 Special Reliability Assessment: A Primer of the Natural Gas and Electric Power Interdependency in the United States at 43 (December 2011), http://www.nerc.com/files/gas_electric_interdependencies_phase_i.pdf.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding either by U.S. Mail or electronic service, as appropriate. Dated at Washington, D.C., this 24th day of July, 2017.

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